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POSTWAR UNEMPLOYMENT IN THE UNITED STATES

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Summary

The apparent tendency since 1953 for the rate of unemployment in the U.S. to rise successively from one business cycle peak to the next has been attributed by a number of observers to rising "structural" unemployment. An alternative explanation however, is that the unemployment rate in 1953 was unusually low because of the powerful stimulating effects of the Korean War on general effective demand, and unusually high in 1960 because of generally incomplete recovery from the 1957-58 recession. This is the "cyclical" explanation of the rise in the unemployment rate.

The economic policy implications of "structural" and "cyclical" unemployment are quite different. Structural unemployment results from the failure of labor force groups to adjust fast enough to shifts in the demand for their services. Structural unemployment, in other words, results from inadequate mobility of labor. Consequently, structural unemployment will be relatively insensitive to increases in general effective demand. The policies appropriate for coping with it attempt to facilitate the movement of labor between industries, areas, occupations, and other labor force classifications. Cyclical unemployment, on the other hand, can be reduced by raising the level of general effective demand. Monetary and fiscal policies, therefore, provide the appropriate tools for coping with this type of unemployment.

This study attempts to measure the contribution of structural unemployment to the increase in the unemployment rate over the postwar years. The conclusion is that structural unemployment has not contributed significantly to this rise in the unemployment rate. The conclusion is tentative because the available data do not permit measurement of unemployment by detailed industry or area classifications. Nonetheless, the weight of the evidence, in our judgment, is against the view that structural unemployment has risen significantly in the last decade. The implication of this conclusion is that

the way to reduce the rate of unemployment is to raise the level of general effective demand. This does not mean that policies designed to increase labor mobility between industries, occupations, and areas are undesirable; but the rise in the unemployment rate in the 1950's is not evidence that these policies are more desirable now than they were a decade ago.

Introduction

Discussions of structural unemployment frequently have not indicated clearly the kinds of unemployment included under this term. In general, however, the reference is to unemployment resulting from the failure of labor force groups to shift rapidly enough in response to shifts in the demand for their services. For example, specific technological improvements and shifts in the composition of aggregate demand will tend to reduce the demand for labor in some industries and areas. If labor does not move out of these industries and areas fast enough, aggregate unemployment will tend to rise even though the general level of effective demand is rising strongly.

The discussion of structural unemployment sometimes focuses also on the unemployment effects of changes in the age, sex, racial, or occupational composition of the labor force. These various labor force groups have differing unemployment rates. Should groups with higher than average rates increase in relative importance, this would raise the aggregate rate of unemployment, a rise attributable to structural changes in the labor force. Similarly, should demand for some types of labor -- for example, the unskilled or older workers -- decline, unemployment rates for these labor types will rise significantly, thereby increasing the overall rate of unemployment, unless there is compensating movement out of these occupations.

Unfortunately, the available data do not permit analysis of unemployment rates by detailed industry or area classifications. Data are available, however, on the composition of the labor force by age, sex, and occupation, as well as some indirect data on race and broad industrial categories. This study focuses on the contribution of these labor force groups to the rise in the overall unemployment rate in the 1950's. Hence the analysis does not come directly to grips with the impact of rising unemployment in specific industries or areas. If this impact is spread evenly across labor force groups classified

by age, sex, race and occupation, it will not show up in the data anlayzed here. However, if the impact is uneven, as seems more probable, then this unemployment will likely be reflected at least partially in the available data. Nevertheless, this limitation should be kept in mind when evaluating the conclusions of this study.

The Structure of Unemployment

The overall rate of unemployment at any given time can be thought of as a weighted average of unemployment rates for specific groups in the labor force. For example, one way of classifying the labor force is by age and sex. For each age-sex group (say males 25-34) there is a specific unemployment rate. The overall unemployment rate can be viewed as the average of the specific rates for each of the age-sex groups found by weighting the rates by the relative importance of each group in the labor force. In addition to age and sex, the labor force can be classified according to other characteristics such as occupation, race, industry attachment, and geographic location.

Over time the overall rate of unemployment may change as a result of changes 1.) in the unemployment rates for each group in the labor force and 2.) in the relative importance of each group. Thus the aggregate rate of unemployment might increase because the rates for specific groups have risen and/or because groups with higher unemployment rates have become more important in the labor force and those with lower rates, less important. This distinction between changes in relative importance and in specific unemployment rates provides a basis for quantitative assessment of the importance of structural factors in raising the overall rate of unemployment. The structural factors would include all shifts in the relative importance of labor force groups plus any "unusual" changes in specific unemployment rates.

The estimated difference between the actual overall unemployment rate in one year and what this rate would have been had no changes occurred over time in the relative importance of the various labor force groups provides a measure of the importance of such changes; that is, this difference is a measure of the effects of changes in the structure of the labor force on the rate of unemployment. If one aspect of labor force structure is considered -- occupation, for example, -- the following type of question would be answered: what would the aggregate unemployment rate have been in 1959 if the 1948 occupational structure had existed in 1959?

The second aspect of structural unemployment -- "unusual" changes in specific unemployment rates -- cannot be evaluated in such an exact quantitative way, but only somewhat more generally. If unemployment rates for certain selected labor force groups were either to rise or fall significantly, while other rates were relatively unchanged, these changes could qualify as unusual and would presumably reflect structural forces affecting these selected groups. For example, the observation of significant increases in unemployment rates for laborers or workers in manufacturing, but relatively little change in rates for other groups, would be presumptive evidence of a growth in structural unemployment. On the other hand, if unemployment rates for all groups were generally higher, although not necessarily in proportion, this would more likely be evidence of a general weakness in aggregate demand.

The importance of structural factors also can be measured in terms of their impact on the average duration of unemployment. Various labor force groups, after becoming unemployed, have specific and differing average amounts of time unemployed. An increase in the average duration of unemployment thus can result from increases in the specific durations of unemployment or from increases in the relative importance of unemployed labor force groups subject to longer spells of unemployment. The impact of structural factors on the average duration of unemployment thus can be evaluated in much the same way as the impact of these changes on the aggregate rate of unemployment.

The Unemployment Rate and Structural Unemployment

Postwar trends in the overall rate of unemployment are shown in Table 1. On an annual basis, the unemployment rate was at a postwar high in 1958, averaging 6.8 per cent of the civilian labor force, and at a postwar low in 1953, averaging 2.9 per cent. Despite the cyclical swings in these data, the tendency for the unemployment rate to rise since the early 1950's is quite apparent.

TABLE 1

ANNUAL UNEMPLOYMENT RATES
(Per Cent of Civilian Labor Force)

1947	3.9	1952	3.1	1957	4.3
1948	3.8	1953	2.9	1958	6.8
1949	5.9	1954	5.6	1959	5.5
1950	5.3	1955	4.4	1960	5.6
1951	3.3	1956	4.2		

Changes in the relative importance of labor force groups do not appear to have contributed in any significant way to the postwar rise in the aggregate rate of unemployment. Between 1948 and 1959 1/ changes in the occupational structure of the labor force had no measurable impact on the unemployment rate. Changes in the age-sex structure, however, operated to lower the overall rate of unemployment. The same is probably true also for industry attachment of the labor force, but the available data do not permit a direct answer on this point. Shifts in racial composition probably operated to raise the overall unemployment rate slightly. No conclusion can be reached regarding geographic structure since the relevant information is not available.

Tables 2 and 3 below describe the impact on the aggregate unemployment rate of changes in the occupational and age-sex structure of the labor force.

1/ The years 1948 and 1959 are used in making this evaluation because 1948 appears to have been a fairly "normal" year for unemployment with 3.8 per cent of the labor force unemployed while 1959 (which does not differ significantly from 1960 in overall unemployment) is the most recent year for which detailed unemployment data are available. In addition, 1959 is a year of more than "normal" unemployment, but not of recession, and thus presumably a year which might reveal evidence of increased structural unemployment.

TABLE 2

IMPACT ON UNEMPLOYMENT
OF CHANGES IN OCCUPATIONAL STRUCTURE
BETWEEN 1948 AND 1959

	1959 Labor Force Adjusted to 1948 Occupational Distribution * (millions)	Actual 1959 Unemployment Rates (%)	1959 Unemployment		
			Estimated	Actual	Difference
			----------millions----------		
Professional, Technical, and Kindred Workers	4.626	1.7	.079	.123	- .044
Farmers and Farm Managers	5.426	0.3	.016	.010	.006
Managers, Officials, and Proprietors, Except Farm	7.377	1.3	.096	.091	.005
Clerical and Kindred Workers	8.646	3.7	.320	.354	- .034
Sales Workers	4.233	3.7	.157	.169	- .012
Craftsmen, Foreman, and Kindred Workers	9.439	5.3	.500	.476	.024
Operatives and Kindred Workers	14.410	7.6	1.095	.970	.125
Private Household Workers	2.040	4.8	.098	.111	- .013
Service Workers, Except Private Household	4.984	6.4	.319	.399	- .080
Farm Laborers and Foremen	3.736	5.1	.191	.138	.053
Laborers, Except Farm and Mine	4.040	12.4	.501	.530	- .029
Total Experienced Workers	68.952		3.372	3.371	.001
Unemployment Rate as a Per Cent of Experienced Workers			4.9%	4.9%	

* Components do not add to total due to rounding.

As this table shows, unemployment of experienced workers would have been about unchanged (only 1 thousand higher) in 1959 if the 1948 occupational structure had prevailed in 1959. This small a change, however, does not effect the overall unemployment rate for experienced workers, which is 4.9 per cent in either case. The impact of age-sex changes, in contrast, is somewhat more noticeable (Table 3).

TABLE 3

IMPACT ON UNEMPLOYMENT
OF CHANGES IN AGE-SEX STRUCTURE BETWEEN
1948 AND 1959

	1959 Labor Force Adjusted to 1948 Age-Sex Distribution* (millions)	Actual 1959 Unemployment Rates (%)	1959 Unemployment		
			Estimated	Actual	Difference
			----------millions----------		
Males					
14-15	.645	7.8	.050	.053	-.003
16-17	1.249	15.8	.197	.191	.006
18-19	1.686	14.9	.251	.207	.044
20-24	5.280	8.7	.459	.343	.116
25-34	11.665	4.7	.548	.483	.065
35-44	10.839	3.7	.401	.407	-.006
45-54	8.972	4.1	.368	.390	-.022
55-64	6.509	4.5	.293	.287	.006
65 and over	2.692	4.8	.129	.112	.017
Sub-Total	49.537		2.696	2.473	.223
Females					
14-15	.277	5.7	.016	.020	-.004
16-17	.756	14.4	.109	.110	-.001
18-19	1.312	12.9	.169	.146	.023
20-24	3.074	8.1	.249	.200	.049
25-34	4.441	5.9	.262	.242	.020
35-44	4.289	5.1	.219	.266	-.047
45-54	3.359	4.2	.141	.214	-.073
55-64	1.770	4.1	.073	.119	-.046
65 and over	.583	2.8	.016	.023	-.007
Sub-Total	19.861		1.254	1.340	-.086
Both sexes	69.394		3.950	3.813	.137
Unemployment as a Per Cent of Appropriate Labor Force Category			5.7%	5.5%	

* Components do not add to total due to rounding.

The data in Table 3 show that unemployment would have been 137 thousand higher in 1959 if the 1948 age-sex composition of the labor force had existed in 1959, serving to raise the overall unemployment rate from 5.5 per cent to 5.7 per cent of the labor force. This calculated higher level of unemployment reflects an increase in male unemployment of 223 thousand offset by a decrease in female unemployment of 86 thousand.

While data on the structure of the labor force by industry attachment cannot be obtained for 1948 and 1959, trends in employment of wage and salary workers provide some guide to the probable changes in the industrial composition of the labor force. These trends generally show a relative decline in the work groups (manufacturing, mining, and construction) with higher unemployment rates in 1959 and a relative increase in those groups (service industries) with lower unemployment rates. Consequently, it seems reasonable to conclude that changes in labor force structure by industry probably led to a somewhat lower overall rate of unemployment in 1959.

The evidence on the impact of racial changes in the structure of the labor force also is indirect because 1948 data are lacking. Population figures for 1948 and 1959, however, show a modest increase in the proportion of nonwhites 14 and over (the age range from which the labor force is drawn) relative to the total population 14 and over. In 1948 nonwhites accounted for 9.9 per cent of this population; in 1959, 10.2 per cent. Thus racial changes probably resulted in a slight rise in the aggregate rate of unemployment because nonwhite unemployment rates are higher.

Another type of structural change which may have served to increase unemployment in recent years is a greater proportion of workers in depressed areas. Unfortunately, adequate information is not available to determine if the importance of these areas has increased 2/. The coal mining regions and San Diego are examples of areas which have experienced difficulties with structural unemployment in recent years. Although high levels of unemployment also have existed recently in auto and steel producing areas,

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2/ The Council of Economic Advisers in their statement to the Joint Economic Committee on March 6, 1961, provided some evidence on this question, showing that "17 major areas of substantial and persistent labor surplus" had declined in importance between 1953 and 1960. Their evidence, however, is restricted in coverage and could be misleading regarding the relative importance of depressed areas.

would probably be premature to describe these as areas seriously affected by structural unemployment. A large part of their unemployment very likely will disappear when the economy is operating at more prosperous levels of activity. In any case, it is not clear that the more recent emergence of several areas affected by structural unemployment has added significantly to the rise in unemployment rates during the 1950's. Depressed areas, after all, are not new. New England, for example, was affected with considerable structural unemployment in the late forties and early fifties because of the large scale transfer of the textile industry to the South.

In summary, measurable changes in the composition of the labor force do not support the view that structural unemployment has risen significantly in the postwar period. Several of the changes actually served to offset in part the rise in the aggregate rate of unemployment.

There appear to be little evidence of any "unusual" increases in specific unemployment rates between 1948 and 1959. As Table 4 shows, unemployment rates in 1959 were higher than in 1948 for all but one (professional, technical, and kindred workers unchanged at 1.7 per cent) of the specific labor force categories which can be compared. That the increases in specific unemployment rates are not proportional is to be expected. A relative weakening in the total demand for labor will affect labor force groups differently depending upon the specific conditions prevailing in each labor market.

TABLE 4
UNEMPLOYMENT RATES, 1948 AND 1959*

Age and Sex	1948 (%)	1959 (%)	% Increase
Male	3.3	5.3	61
14-19	8.2	13.8	68
20-24	6.3	8.7	38
25-34	2.5	4.7	88
35-44	2.1	3.7	76
45-54	2.3	4.1	78
55-64	2.8	4.5	61
65 and over	3.0	4.8	60
Female	3.6	5.9	64
14-19	7.3	11.8	62
20-24	4.2	8.1	93
25-34	3.7	5.9	59
35-44	2.5	5.1	104
45-54	2.5	4.2	68
55-64	2.8	4.1	46
65 and over	2.0	2.8	40

TABLE 4 (Continued)

ccupation	1948	1959	% Increase
All Experienced Workers	3.0	4.9	63
Professional,Technical and Kindred Workers	1.7	1.7	0
Farmers and Farm Managers	0.2	0.3	50
Managers, Officials, and Proprietors, Except Farm	1.0	1.3	30
Clerical and Kindred Workers	2.3	3.7	61
Sales Workers	3.4	3.7	9
Craftsmen, Foremen, and Kindred Workers	2.9	5.3	83
Operators and Kindred Workers	4.1	7.6	85
Private Household Workers	3.2	4.8	50
Service Workers, Except Private Household	4.8	6.4	33
Farm Laborers and Foremen	2.3	5.1	122
Laborers, Except Farm and Mine	7.5	12.4	65
ndustry Attachment			
All Experienced Workers	3.0	4.9	63
Agriculture -- Wage and Salary Workers	4.9	8.7	78
Nonagricultural Industries -- Wage and Salary Workers	3.7	5.5	49
Forestry,Fisheries, and Mining **	2.3	9.7	322
Construction	7.6	12.0	58
Manufacturing	3.5	6.0	71
Durable Goods	3.4	6.1	79
Nondurable Goods	3.6	5.9	64
Transportation and Public Utilities	3.0	4.2	40
Wholesale and Retail Trade	4.3	5.8	35
Service and Finance	3.2	4.0	25
Public Administration	2.0	2.3	15
Race			
White	3.2	4.9	53
Male	3.1	4.6	48
Female	3.4	5.3	56
Nonwhite	5.2	10.7	106
Male	5.1	11.5	125
Female	5.2	9.5	83

* Some of the data shown in this Table are not strictly comparable due to conceptual changes between 1948 and 1959. However, these changes have in large part been modest and probably do not significantly alter the basic facts on unemployment rates.

** Mining only in 1948.

About the only increase in unemployment rates that seems somewhat excessive elative to other increases is that for forestry, fisheries, and mining, which rose rom 2.3 per cent to 9.7 per cent. Other large rises -- for groups such as durable oods workers and nonwhites -- appears to be in line with the usual behavior of nemployment rates in periods of diminished business activity generally. Nonwhites, or example, are more likely to experience greater unemployment because of their low eniority and skills and their concentration in occupations subject to wider cyclical wings. The rise of unemployment for durable goods workers also is probably overstated bit because of the impact of the 1959 steel strike on steel-related and steel-using ndustries.

verage Duration of Unemployment and Structural Unemployment

Postwar developments in the average duration of unemployment are shown in able 5. These data do not show a general tendency for the average duration of unemployment o increase, but rather two more-or-less distinct periods. From 1947 to 1953 the verage duration of unemployment ranged between 8.1 and 10.0 weeks (with the single xception of 12.1 weeks in 1950). From 1954 through 1960 the average duration of nemployment has been at a higher level, ranging between 10.4 and 14.5 weeks.

TABLE 5

AVERAGE DURATION OF UNEMPLOYMENT
(Weeks)

1947	9.8	1952	8.3	1957	10.4
1948	8.6	1953	8.1	1958	13.8
1949	10.0	1954	11.7	1959	14.5
1950	12.1	1955	13.2	1960*	12.8
1951	9.7	1956	11.3		

* Includes Alaska and Hawaii.

Changes in the relative importance of labor force groups appear to have ontributed to some extent to the longer average duration of unemployment in recent years. or example, if the 1948 age-sex composition of the labor force had existed in 1959, he average duration of unemployment that year would have been slightly lower, averaging 4.3 weeks rather than the 14.5 weeks actually experienced. The reason for this stimated reduction is that the labor force was relatively younger in 1948

han in 1959, and younger people typically are unemployed for a shorter uration of time than older people 3/. In addition, if the 1948 occupational structure ad existed in 1959, the average duration of unemployment for experienced workers would ave been 13.4 weeks rather than 14.8 weeks.

The impact of changes in the industrial and racial structure of the labor orce on the average duration of unemployment is somewhat more difficult to evaluate han the impact of these changes on the rate of unemployment. This difficulty arises ecause changes in labor force structure do not directly determine changes in average uration, but rather operate indirectly through changes in the composition of the nemployed 4/. The composition of the unemployed depends not only on labor force tructure, but also on specific unemployment rates. Thus a given labor force group ight decline in importance relative to total labor force while its importance increases elative to total unemployment. This situation could occur due to a rise in the group's pecific unemployment rate which more than offset the decline in its labor force importance.

The role of this distinction can be seen in considering changes in the ndustrial attachment of the labor force. As was noted in the preceding section, the elative importance of manufacturing and mining attachment probably has declined. owever, this need not mean that these groups comprised a smaller fraction of the unemployed n 1959. Because of the lack of data no definite conclusion can be reached. The same

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/ The above change in age-sex composition, however, had just the reverse impact on the verall unemployment rate, reducing the 1959 unemployment rate to some extent. This omewhat paradoxical situation results from the fact that younger people generally experience igher unemployment rates than older workers, even though they typically experience shorter pells of unemployment.

/ The average duration of unemployment is a weighted average of specific durations. owever, the weighting is by unemployment structure, not labor force structure.

fficulty is encountered in evaluating changes in racial composition. Whether nonwhites re more or less important in total unemployment in 1959 cannot be answered. The sence of data on the geographic composition of the labor force, of course, precludes y assessment of the impact of this type of structural change.

Data are not available for 1948 on the duration of unemployment by specific bor force groups. Therefore, it is not possible to determine if "unusual" increases duration occurred for specific groups, although it seems likely that average duration s greater for most groups.

ture Changes in Labor Force Structure

Changes during the 1960's in the age-sex and racial composition of the labor rce can be anticipated with a reasonable degree of certainty because these character- tics are already largely determined by the current population structure. Projections the U.S. Government of the age-sex composition of the labor force in 1965 shows increase in the relative importance of young people and women. Historically, these bor force groups have had relatively high rates of unemployment and shorter durations unemployment. If these conditions persist, the net impact of these prospective anges in labor force structure will be to raise the overall unemployment rate but reduce the average duration of unemployment. If no changes from 1959 are assumed the specific unemployment rates and specific durations of unemployment, the overall employment rate in 1965 will be 5.7 per cent, up 0.2 per cent from 5.5 per cent in 59, and the average duration of unemployment will be 14.1 weeks, down 0.4 weeks om 14.5 weeks in 1959. The smallness of these calculated changes suggests that ospective changes in the age-sex distribution of the labor force are unlikely to se any serious unemployment problems for the economy.

The gradual increase in the proportion of nonwhites in the labor force ould continue during the 1960's, tending to increase the overall rate of unemployment. at increase is likely to be modest, however. Furthermore, improvements in education d greater job opportunities for nonwhites may serve to lessen the net overall crease by reducing specific unemployment rates for nonwhites.

Conclusion

The results of the foregoing investigation suggest that the recent unemployment problem is not one of rising structural unemployment but rather of weak effective demand. This does not mean that structural problems are nonexistent, only that they do not appear to have increased in relative importance during the postwar years. Policies to increase resource mobility, particularly for labor are still appropriate, but of even greater importance are policies to promote a buoyant and expanding economy.

APPENDIX

The principal data used in this report are based on monthly sample surveys of the labor force conducted by the Census Bureau. Although such surveys provide a wide range of useful information about unemployment and its basic trends, the significance and limitations of this type of information should be noted. A person is counted as unemployed only if he (or she) did not work during the survey week. This means that persons working reduced hours or laid off on a "skip" week basis (not falling in the survey weeks) are not counted as unemployed. Unemployment rates thus may tend to understate the seriousness of a given unemployment situation. 5/ The basic approach of the labor force survey is to count "bodies" unemployed in a given survey week each month, rather than to estimate the total dimension of unemployment and under-employment during the month. A more complete assessment of the extent of unemployment probably would require measurement in terms of manhours lost. 6/

5/ On the other hand, the seriousness would tend to be overstated if all "skip-work" weeks fell in the survey week.

6/ Some data on part-time work are available in terms of numbers of persons involved. During 1959 the average number of part-time workers amounted to 13.501 million. However, of these only 2.640 million worked part-time because of "economic reasons" such as slack work material shortages, repairs to plant and equipment, start or termination of job during the week, and inability to find-full time work. The other 10.861 million presumably worked part-time by personal choice.

Unemployment also may be underestimated by the labor force surveys because of withdrawals from the labor force. A jobless person may become discouraged about prospects and indicate that he is no longer seeking employment. Such persons thereby exclude themselves from the unemployment count. The importance of this type of uncounted unemployment is hard to assess. That it exists to some extent seems reasonable. However, a special study of unemployment in areas of substantial labor surplus during the spring of 1959 did not reveal markedly different overall labor-force participation rates for such areas compared to areas of tight or balanced labor force supply. 7/ As Table 6 shows the principal impact of differing unemployment situations is largely reflected in differences in the internal composition of labor force participation rates for each area.

TABLE 6
LABOR FORCE PARTICIPATION RATES IN AREAS OF VARYING 8/ UNEMPLOYMENT, SPRING 1959
(per cent)

	Class 1 Areas	Class 3A Areas	Class 3B Areas
Total	58.8	58.2	57.3
Male	82.1	82.3	77.3
14-19	43.3	35.2	33.3
20-24	89.5	85.4	80.6
25-34	97.2	97.9	96.9
35-44	97.9	98.6	97.6
45-54	95.5	97.5	93.2
55-64	84.6	91.4	86.7
65 and over	34.0	34.1	30.6
Female	38.5	36.6	40.0
14-19	26.8	26.2	28.7
20-24	46.5	52.0	58.9
25-34	40.4	35.2	35.7
35-44	43.8	42.4	50.3
45-54	54.2	49.0	57.0
55-64	40.2	35.5	42.2
65 and over	10.4	11.1	8.3

Note: Class 1 Areas: tight or balanced labor supply.
Class 3A Areas: substantial labor surplus, but not depressed.
Class 3B Areas: chronically depressed.

7/ Bureau of Labor Statistics, U.S. Department of Labor, Study Paper No. 23: The Structure of Unemployment in Areas of Substantial Labor Surplus, prepared for the Joint Economic Committee, United States Government Printing Office (Washington: 1960), pp 15-19.
8/ The data in this table are taken from Table 10 of Study Paper No. 23, p. 17.

In the spring of 1959, there was little overall difference in the labor force participation rates of class 1 and class 3A areas. Surprisingly, the male rate was slightly higher in class 3A areas than in class 1 areas (82.3 per cent compared to 82.1 per cent). The slightly lower overall rate (58.2 per cent compared to 58.8 per cent) resulted from the moderately lower rate for women in the class 3A areas (36.6 per cent compared to 38.5 per cent). Even the chronically depressed class 3B areas had only a slightly lower overall rate of labor force participation (57.3 per cent) than the class 1 and class 3A areas. The major difference between the chronically depressed areas and other areas is the lower participation rate for men (77.3 per cent compared to 82.1 per cent for class 1 areas) but with this lower rate in large part offset by the higher participation rate for women (40.0 per cent compared to 38.5 per cent in class 1 areas). Furthermore, the lower male participation rates affect only those workers in the young (14-24 years) and old (65 and over) age groups. As the authors of Study Paper No. 23 observe:

> "Among men in the central age group (25 to 64) there was no significant difference in rates of labor force participation between class 1 areas and chronically depressed areas .... Moreover, to keep these facts in perspective, it should be pointed out that even if the worker rates for [all] men in the chronically depressed areas were as high as in class 1 areas and even if all these additional labor force members were unemployed the net addition to the national unemployed total would be less than 50,000 or a little over 1 per cent of the spring 1959 level of unemployment." 9/

However, it should be noted that the inclusion of these additional labor force members as unemployed would have a more significant impact on unemployment in the depressed areas.

9/ Bureau of Labor Statistics, op. cit., p. 17

One final point should be made regarding the labor force survey data. The average numbers unemployed each year (as measured by these data) are composed of a number of different people having been unemployed at various times during the year. This means that the actual number of persons affected by unemployment is considerably larger than the average unemployment figures suggest. In 1959, for example, the average number unemployed amounted to 3.813 million, or 5.5 per cent of the civilian labor force. However, according to the special annual survey of work experience, the actual number of persons with some unemployment during 1959 amounted to 12.195 million, or 15.3 per cent of the total number who looked for work. 10/ Table 7 presents a comparison of these two different measures of unemployment for the years 1957-59.

TABLE 7

TWO MEASURES OF UNEMPLOYMENT

	Average Unemployment		Total Workers Involved	
	millions	rate *	millions	rate **
1957	2.936	4.3%	11.568	14.7%
1958	4.681	6.8%	14.120	17.9%
1959	3.813	5.5%	12.195	15.3%

* As a per cent of civilian labor force.
** As a per cent of total working or looking for work.

As this table shows, the workers actually involved in unemployment total some three to four times more than the averages indicate, whether measured by numbers or by rates. The annual work experience data thus portray unemployment as reaching far more widely into the U.S. economy than do the labor force monthly survey data, perhaps explaining the sensititivy of politicians to the unemployment issue. The

10/ U. S. Department of Labor, "Work Experience of the Population in 1959," Monthly Labor Review, Vol. 83, No. 12 (Dec. 1960), pp. 1272-1283.

prevalence of shorter hours, particularly during recessions, makes the impact of unemployment and underemployment even more widely felt. In a special study of the 1958 recession, the Survey Research Center of the University of Michigan found that a minimum of at least 23.4 per cent of the labor force, and perhaps as many as 27.3 per cent of the labor force, were affected by unemployment or shorter hours. 11/

11/ The Survey Research Center, University of Michigan, The Impact of Unemployment in the 1958 Recession, a report prepared for the Special Committee on Unemployment Problems, United States Senate, United States Government Printing Office, (Washington; 1960) p. 7.